

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4911-01
Bill No.: HB 1637
Subject: Education, Higher
Type: Original
Date: January 7, 2016

Bill Summary: This proposal requires coursework on freedom of speech for all graduates of two-year and four-year institutions of higher education in Missouri.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|--|------------|------------|------------|
| FUND AFFECTED | FY 2017 | FY 2018 | FY 2019 |
| | | | |
| Total Estimated Net Effect on General Revenue | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2017 | FY 2018 | FY 2019 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2017 | FY 2018 | FY 2019 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|--|----------|----------|----------|
| FUND AFFECTED | FY 2017 | FY 2018 | FY 2019 |
| | | | |
| | | | |
| Total Estimated Net Effect on FTE | 0 | 0 | 0 |

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|-------------------------------------|------------|------------|------------|
| FUND AFFECTED | FY 2017 | FY 2018 | FY 2019 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Higher Education** assumes this proposal grants rule making authority to the department which can be carried out with existing resources.

Officials at the **University of Missouri** assume this would have an overall fiscal impact in excess of \$750,000 annually. The University would require that undergraduates take this course, with 9,000 new students admitted annually across the four campuses. With 150 students per section as an average, the University would need 80 new sections at a minimum, which would require the hiring of 14 teaching professors to teach 6 sections per year. With an average salary and benefits of \$70,000 per year and support costs of an additional \$5,000 per year, the total cost would be about \$750,000 annually.

Officials at the **University of Central Missouri** assume this would result in increased costs of \$1.6 million per year for salary and benefits for additional faculty to teach the 483 needed sections of the new course including the mandated curriculum, if these courses were taught by non-tenure faculty.

Officials at the **State Technical College of Missouri** assume this would impact students due to the cost of adding another required three-credit hour course. It would also require the addition of three full time instructors to handle the course-load of teaching every student. The salary and benefits of the teachers is estimated to be \$189,075 (\$63,025 per teacher). There will also be costs associated with changing the curriculum and securing space to hold the classes. Those costs are unknown.

Officials at the **Northwest Missouri State University** assume adding this free speech requirement would be duplicative with existing curriculum. The first amendment is addressed in the Introduction to American Government and Politics and Fundamentals of Oral Communication. Adding this requirement would add additional expenses which are unknown at this time.

Officials at the **Missouri State University** assume this will have an unknown negative impact on the University.

Oversight notes this proposal would require all students graduating after August 28, 2019 (FY 2020) from a college or university to have completed a three credit hour course on freedom of speech. Oversight assumes adding a course on freedom of speech will not directly impact state funds. Colleges and universities will receive tuition payments from students to cover the cost of

ASSUMPTION (continued)

creating and teaching the courses. Oversight therefore, will not show a fiscal impact for this proposal.

Officials at the **Joint Committee on Administrative Rules** assume there is no fiscal impact from this proposal.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials at the following colleges: Crowder, East Central Community College, Harris-Stowe, Jefferson College, Lincoln University, Metropolitan Community College, Moberly Area Community College, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, State Fair Community College, St. Charles Community College, St. Louis Community College, Three Rivers Community College and the Truman State University did not respond to **Oversight's** request for fiscal impact.

| <u>FISCAL IMPACT - State Government</u> | FY 2017 (10 Mo.) | FY 2018 | FY 2019 |
|---|---------------------|------------|------------|
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT - Local Government

FY 2017
(10 Mo.)

FY 2018

FY 2019

\$0

\$0

\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

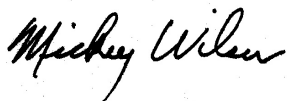
FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Higher Education
Joint Committee on Administrative Rules
Missouri State University
Northwest Missouri State University
Office of the Secretary of State
State Technical College of Missouri
University of Central Missouri
University of Missouri



Mickey Wilson, CPA
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January 7, 2016

Ross Strope
Assistant Director
January 7, 2016